

Law library. An organization operating a law library whose rules limit access and use to members, or their designees, of a local bar association, composed of substantially all of the members of the legal profession in the municipality and providing the library's primary support, qualifies for exemption under section 501(c)(3) of the Code as educational in nature.

Advice has been requested whether an organization that otherwise qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954 is operated for charitable purposes by reason of its conducting the activities described below.

As its principal activity the organization maintains a law library that is located in the same building as the headquarters of the local bar association, an organization recognized as exempt from Federal income tax under section 501(c)(6) of the Code.

The organization's support is derived primarily from contributions by the local bar association, and all amounts received are expended on maintenance and improvement of the library facilities.

The rules of the library provide that the facilities are available for use only by members of the local bar association, and any parties such members may choose to designate. Membership in the local bar association is open to all members of the legal profession in good standing with an office or residence in the municipality. Substantially all of these individuals so qualified are members of the local bar association.

There are two principal reasons for the restrictions placed upon the availability of the library facilities: First, the physical size of the library and the number of books it contains impose a practical limitation on the number of people it can serve. Second, as is the case with most libraries, this library is concerned with maintaining an orderly and fairly widespread use of its facilities and with preserving its valuable books. Thus, users are required to register and present identification, and, when necessary, proper letters of introduction.

Notwithstanding the foregoing restrictions and limitations, the library facilities have proven adequate to accommodate a significant number of patrons, including member attorneys, their designees, judges desiring to use it, a number of summer law clerks in various governmental agencies and private law firms, and law students at local law schools whose need to use the facilities has been certified by their professors.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for educational purposes.

Section 1.501(c)(3)-1(d)(1)(ii) of the Income Tax Regulations states that an organization is not organized or operated exclusively for educational purposes unless it serves a public rather than a private interest.

The fact that access to and use of the library facilities are limited to a designated class of persons is not necessarily a bar to recognition of exemption under section 501(c)(3) of the Code. See *United States v. Proprietors of Social Law Library*, 102 F.2d 481 (1st Cir. 1939). See also Rev. Rul. 68-504, 1968-2 C.B. 211 and Rev. Rul. 65-298, 1965-2 C.B. 163 which hold that an organization formed to conduct educational programs for a specific group is entitled to recognition of exemption under section 501(c)(3) of the Code. What is of importance is that the class benefitted be broad enough to warrant a conclusion that the educational facility or activity is serving a broad public interest rather than a private interest, and is therefore exclusively educational in nature.

The library facilities are available to a significant number of people, and restrictions are placed on the use of the library primarily because of the limited size and scope of the facilities.

The fact that attorneys who use the library may derive personal benefit in the practice of their profession from the information garnered thereby is incidental to this purpose and is, in most instances, a logical by-product of an educational process. Therefore, the limitation of the use of the facilities as herein described is reasonable and does not prejudice the exclusively educational nature and purpose of the facility.

Accordingly, the organization qualifies for exemption from Federal income tax under section 501(c)(3) of the Code.

Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form 1023, Exemption Application, in order to be recognized by the Service as exempt under section 501(c)(3) of the Code. The application should be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization. See sections 1.501(a)-1 and 1.508-1(a) of the regulations.